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ABSTRACT

Census Bureau data have traditionally focused on national estimates of the numbers of children in organized child care facilities using various household surveys. In contrast, this paper presents data on the characteristics of child care businesses for individual states from the Census of Service Industries. Although focusing primarily on the most recent census period, 1992, some historical data are shown for the censuses of 1977, 1982, and 1987. Child care businesses are classified according to the Standard Industrial Code in effect during each census period, and are defined as establishments engaged in the care of infants or children, or providing pre-kindergarten education, where medical care or delinquency correction is not a major element. These establishments do not include businesses providing babysitting services nor do they include Head Start centers operating in conjunction with elementary schools; these centers are classified under the principal types of services provided by these businesses (e.g., schools, hospitals). Among the characteristics of the child care industry shown in this paper are the number of child care businesses, their tax return status (whether subject to or exempt from federal income taxes), their annual payrolls, and their numbers of paid employees. In addition, examination of the number of centers that went out of business during the tax year relative to the number that filed taxes for that year provides an indication of the annual turnover of businesses in the child care industry. The number of child care centers in business in 1992 and the size of their employee payroll are also used in conjunction with estimates of the number of preschool-age children of employed mothers in each state to provide demographic demand indices for child care services. The number of preschool-age children are derived from the Bureau's mid-year population estimates in conjunction with labor force data from the Current Population Survey (CPS). Relating these business indicators with demographic demand indices for child care can help demonstrate the potential unmet need for child care among the different states. In addition, estimates of the proportion of preschoolers reported to be in organized child care settings from the Survey of Income and Program Participation (SIPP) are used to illustrate the relative children/child care employee ratios throughout the United States for this period. (Author/EV)

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Population Division

State Estimates of Organized Child Care Facilities

by
Lynne M. Casper and Martin O'Connell

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Population Division
U.S. Bureau of the Census
Washington, D.C.

This paper was originally presented at the Annual Meeting of the Population Association of America (PAA) Washington, D.C., March 1997.

The views expressed in this paper are solely attributable to the two authors and do not necessarily reflect the position of the United States Bureau of the Census.

U.S. Census Bureau

March 1998

Abstract

Census Bureau data have traditionally focused on national estimates of the numbers of children in organized child care facilities using various household surveys. In contrast, this paper presents data on the characteristics of child care businesses for individuals states from the Census of Service industries. Although primarily focusing on the most recent Census period, 1992, some historical data are shown for the censuses of 1977, 1982, and 1987.

Child care businesses are classified according to the Standard Industrial Code in effect during each census period. They are defined as establishments primarily engaged in the care of infants or children, or providing pre-kindergarten education, where medical care or delinquency correction is not a major element. These establishments do not include businesses providing babysitting services nor do they include Headstart centers operating in conjunction with elementary schools; these centers are classified under the principal types of services provided by these businesses (e.g., schools, hospitals).

Among the characteristics of the child care industry shown in this paper, are the number of child care businesses, their tax return status (whether subject to or exempt from federal income taxes), their annual payrolls, and their numbers of paid employees. In addition, examination of the number of centers that went out of business during the tax year relative to the number that filed taxes for that year provides an indication of the annual turnover of businesses in the child care industry.

The number of child care centers in business in 1992 and the size of their employee payroll are also used in conjunction with estimates of the number of preschool-age children of employed mothers in each state to provide demographic demand indices for child care services. The number of preschool-age children are derived form the Bureau's midyear population estimates in conjunction with labor force data from the Current Population Survey (CPS). Relating these business indicators with demographic "demand" indices for child care can help demonstrate the potential unmet need for child care among the different states. In addition, estimates of the proportion of preschoolers reported to be in organized child care settings from the Survey of Income and Program Participation (SIPP) are used to illustrate the relative children/child care employee ratios throughout the United States for this period.

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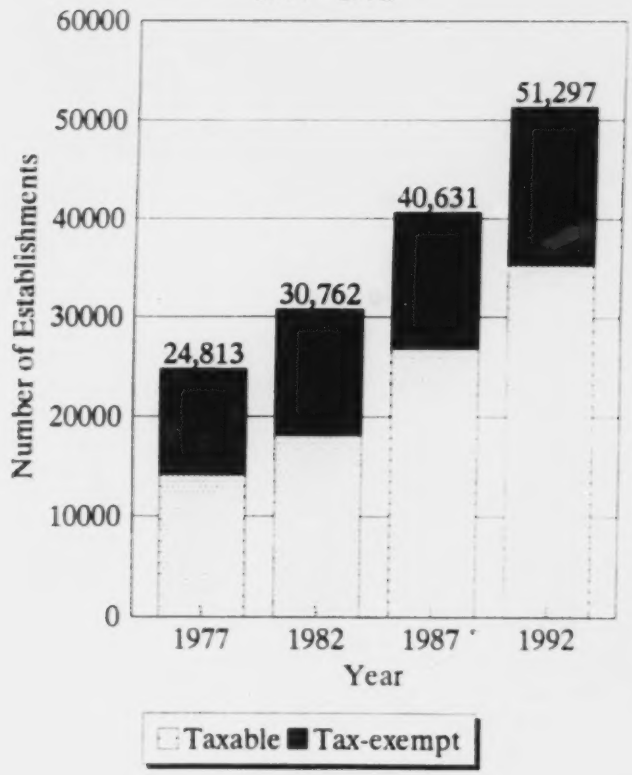
THE CHILD CARE INDUSTRY, 1977-1992

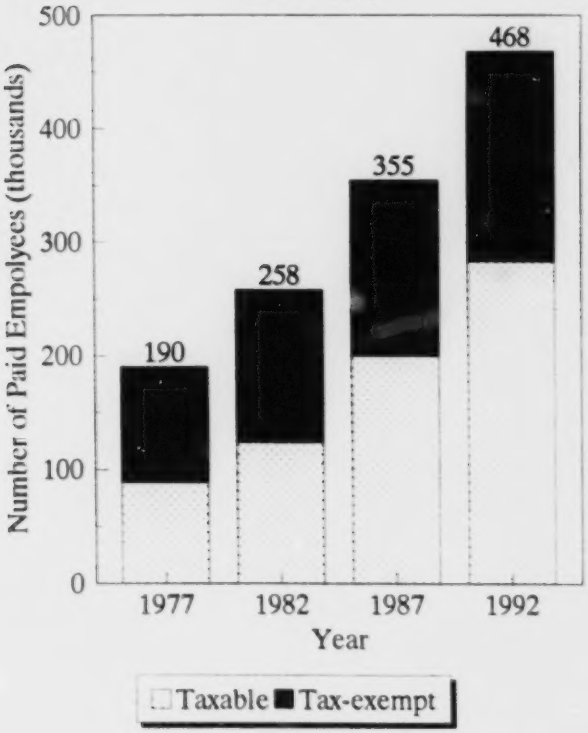
1. Based on data from the Census of Service Industries, the number of incorporated child care centers doubled from 25,000 in 1977 to 51,000 in 1992. Most of the growth occurred among centers subject to federal income tax as opposed to tax-exempt centers.

1. Growth in the Child Care Industry, 1977 - 1992



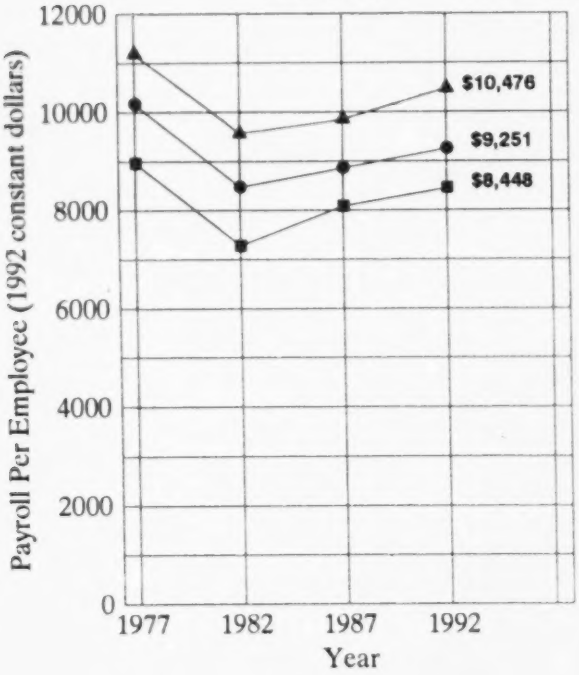
2. The number of paid employees more than doubled from 190,000 to 468,000 in this period.

2. Paid Employees in the Child Care Industry, 1977 - 1992



3. Payroll statistics show that the average wage and salary level per paid employee fell from $10,161 in 1977 to $9,251 in 1992. It is evident that employees in this industry have failed to maintain pay levels high enough to keep up with inflation.

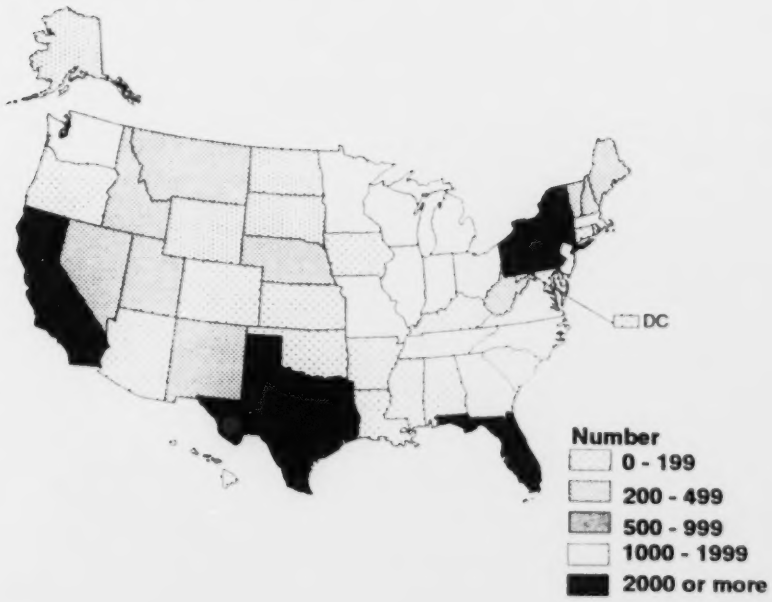
3. Annual Payroll Per Paid Employee, 1977 - 1992



GEOGRAPHIC PATTERNS, 1987-92

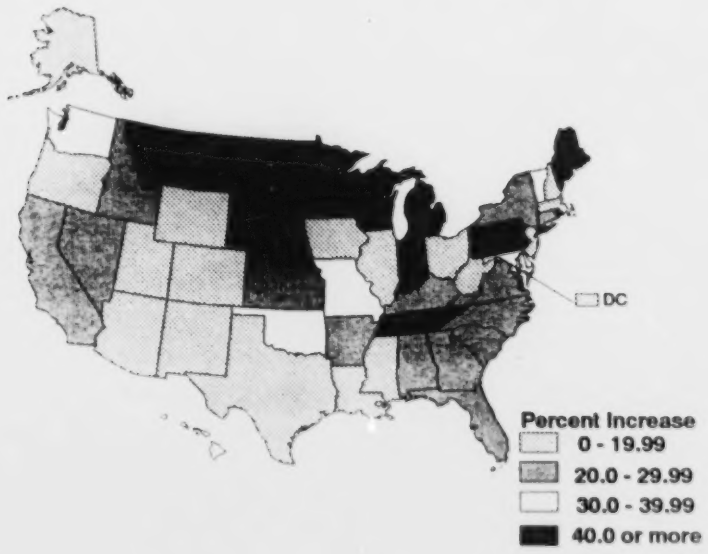
4. California had 5,427 incorporated child centers in 1992, the most in the Nation. Texas had 3,740 centers and Florida came in third with 3,020 centers. Wyoming had the fewest centers (151), followed closely by South Dakota (160) and Hawaii (162).

Figure 4. Number of Child Care Centers, 1992



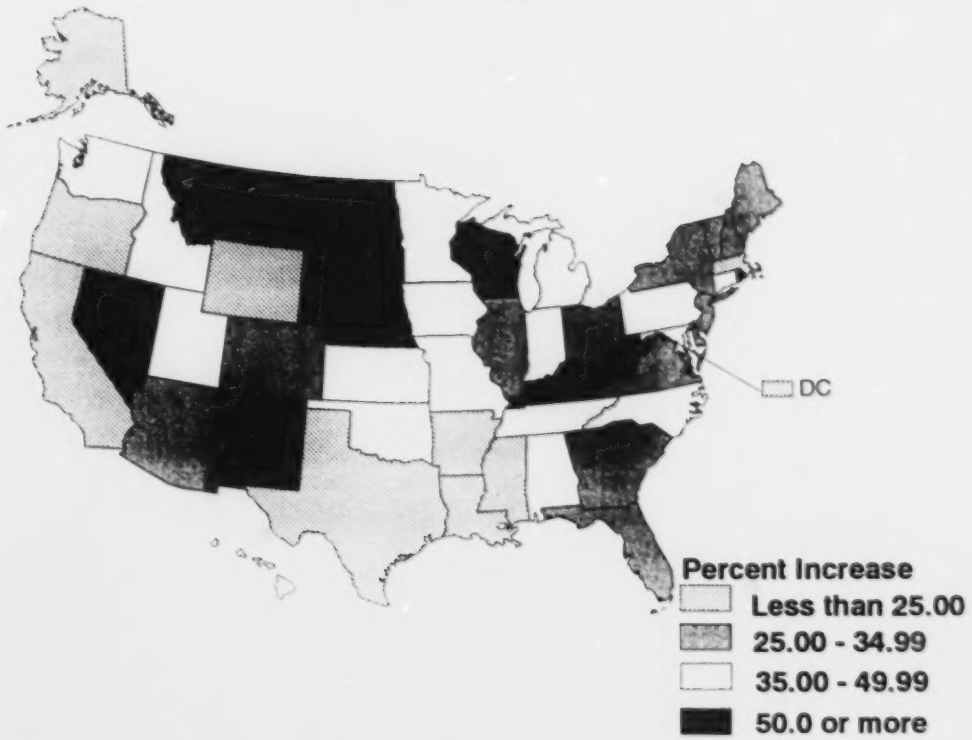
5. The midwestern states experienced the greatest percentage increase in the number of establishments between 1987 and 1992 (34 percent). The smallest increase was logged for the southern states (22 percent).

Figure 5. Percent Increase in Child Care Centers, 1987 - 1992



6. The midwestern states also had the greatest percentage increase in the number of paid child care employees from 1987 to 1992 (34 percent). In contrast, the West had the smallest increase (24 percent).

Figure 6. Percent Increase in Paid Child Care Employees, 1987 - 1992



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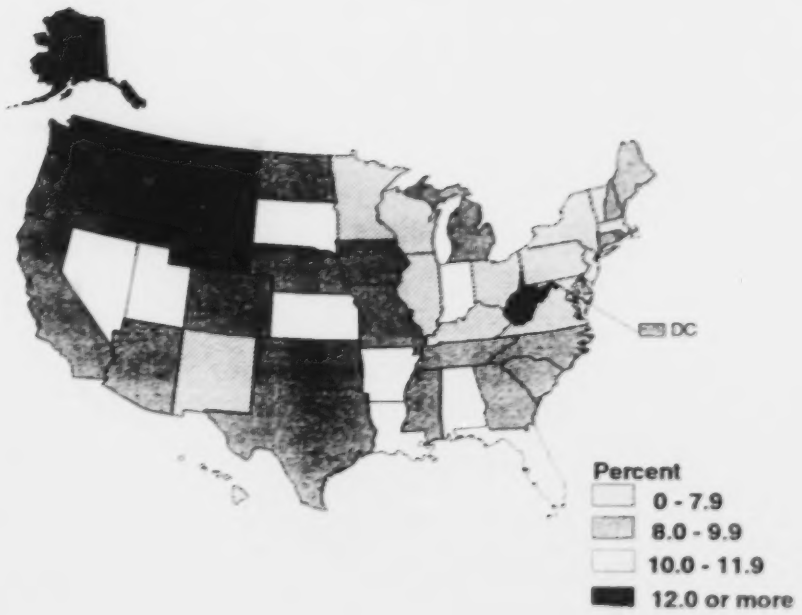
CHARACTERISTICS OF CHILDCARE CENTERS, 1992

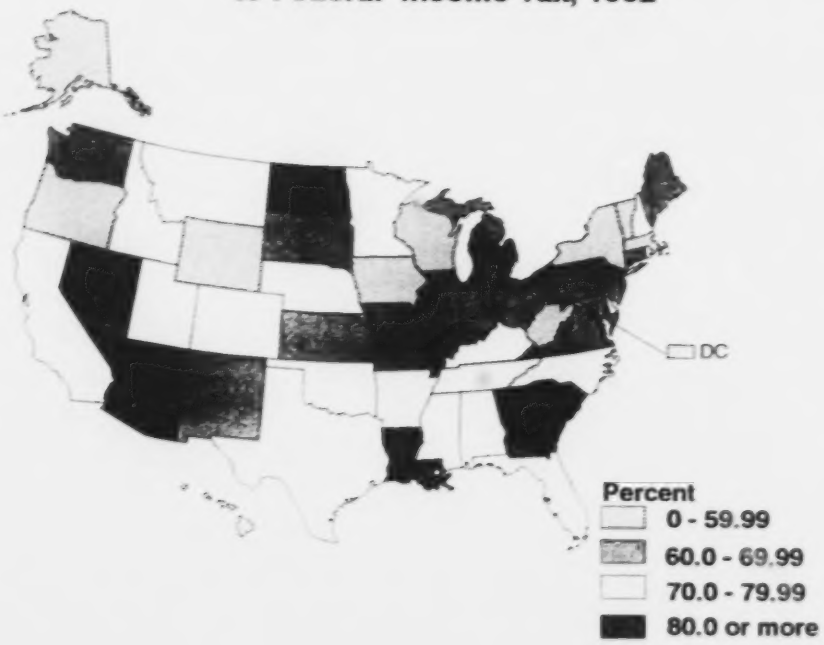
7. About 9 percent of centers operating in 1992 were out of business by the end of the tax year. States in the mountain region and the Pacific Northwest experienced higher failure rates than the national average. The Middle Atlantic states had the lowest failure rates (about 6 percent).

Figure 7. Turnover Rate in Child Care Centers, 1992



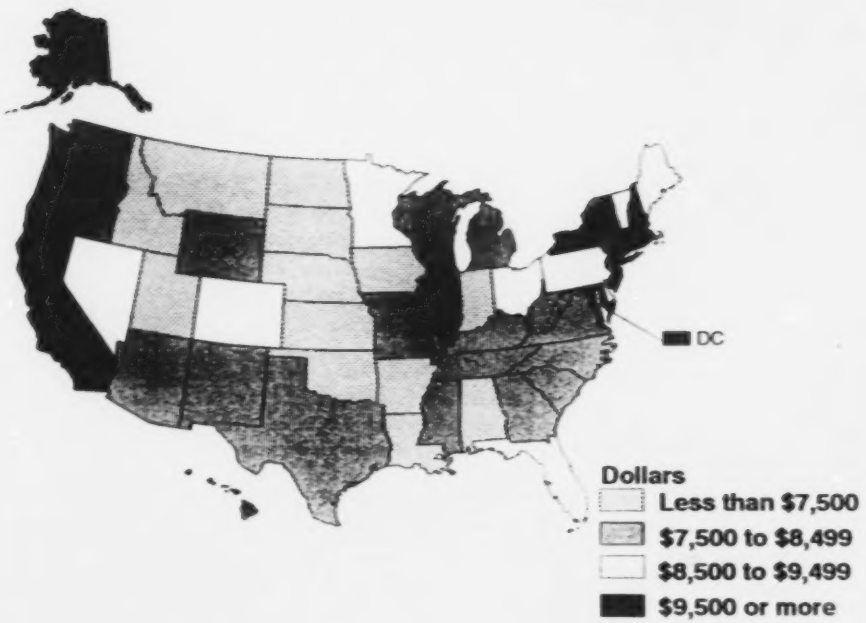
8. Child care centers subject to income taxes were the most common in Nevada, Arizona, South Carolina and Louisiana. Tax-exempt establishments were the most common in Hawaii, Washington, D.C. and New York.

Figure 8. Percent of Child Care Centers Which Are Subject to Federal Income Tax, 1992



9. Paid child care employees in New England averaged $11,389 per employee, about $3,000 more than their counterparts in the Midwest and South.

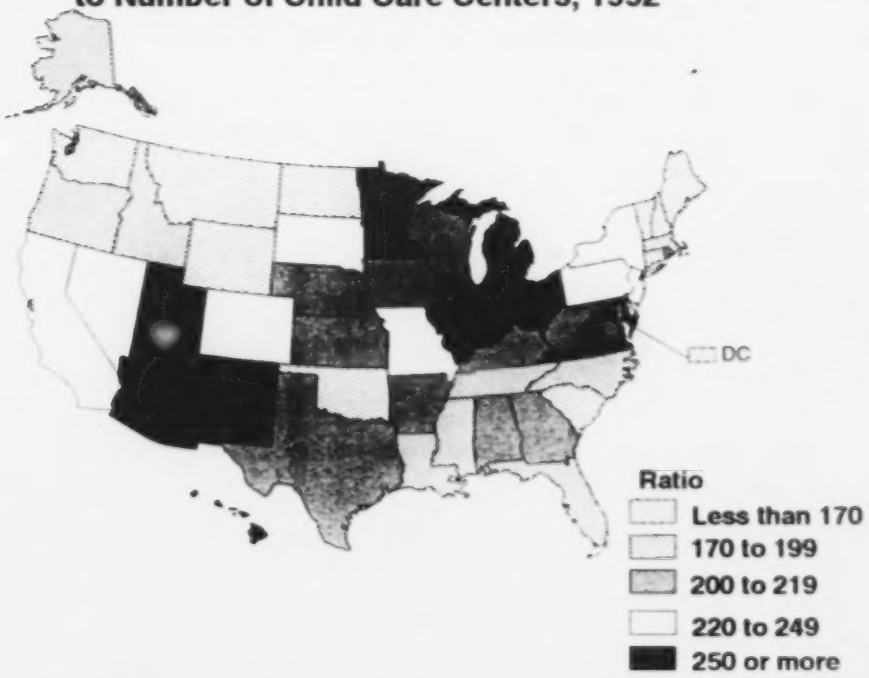
Figure 9. Annual Payroll Per Employee, 1992



ESTIMATED SUPPLY AND DEMAND FOR CHILD CARE

10. In 1992, there were 51,000 child care facilities and 20 million children --about 54 percent had mothers in the labor Force. These children are likely to be in need of child care while their mothers work. South Western States have more potential need for child care centers than do New England States.

Figure 10. Ratio of Number of Preschoolers of Employed Mothers to Number of Child Care Centers, 1992



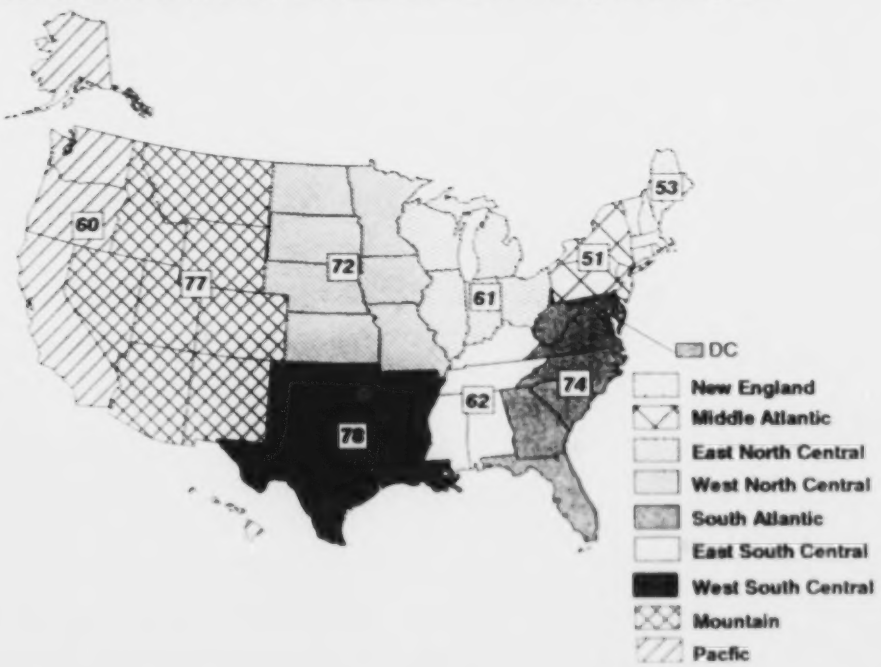
11. There were an average of 24 children under 5 whose mother was employed for every employee on the child care payrolls. Potential need for care providers in child care centers was the highest in Michigan, Montana and Hawaii, and the lowest in Washington, DC, Oklahoma and Delaware.

Figure 11. Ratio of Number of Preschoolers of Employed Mothers to Number of Child Care Employees, 1992

ESTIMATED SUPPLY AND DEMAND FOR CHILD CARE

12. Data from the Survey of Income and Program Participation in 1993 indicate that nationwide 30 percent of preschoolers of employed mothers are actually cared for in organized care facilities. Taking into account the SIPP percentages, there are more children who may need care per establishment in the West South Central and Mountain States than in the Middle Atlantic and New England States.

Figure 12. Ratio of Number of Preschoolers Likely to be in Child Care Centers to Number of Child Care Centers by Division, 1992



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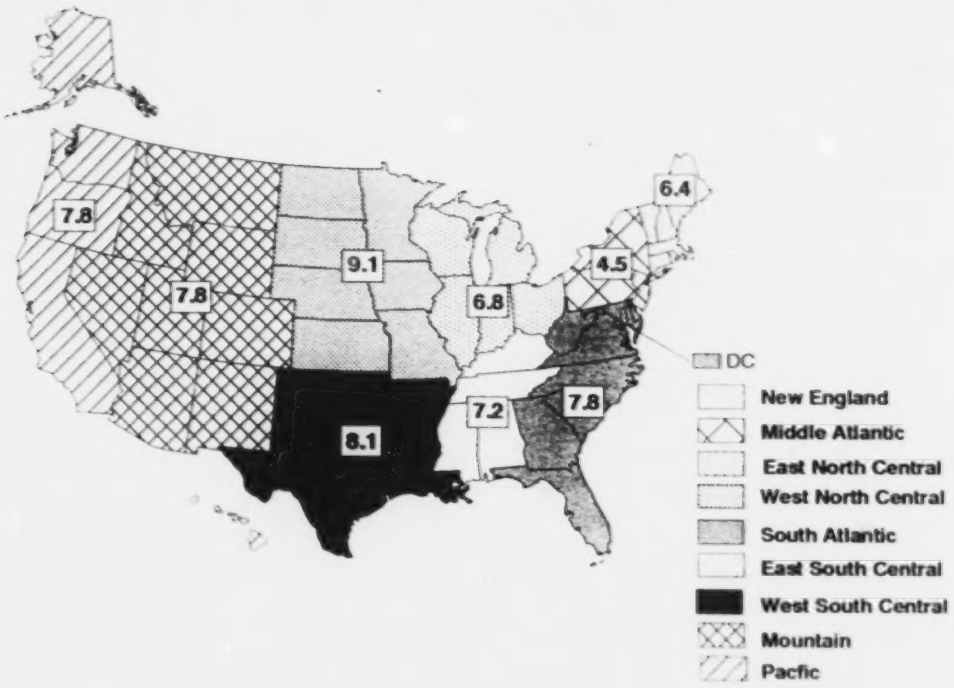
13. Based on data from the SIPP, the ratio of preschoolers of employed mothers to paid child care employees is more favorable in Middle Atlantic and New England States than in other parts of the country.

Figure 13. Ratio of Number of Preschoolers Likely to be in Child Care Centers to Number of Employees by Division, 1992



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